



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Del D. Borgsdorf  
Harry Mavrogenes

**SUBJECT:** SEE BELOW

**DATE:** May 24, 2004

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**COUNCIL DISTRICT:** Citywide

**SUBJECT: QUARTERLY CITYWIDE CAPITAL IMPROVEMENT PROGRAM STATUS  
REPORT INCLUDING PARK, LIBRARY, PUBLIC SAFETY BOND  
PROJECTS AND STRONG NEIGHBORHOODS INITIATIVE PROJECTS**

## **RECOMMENDATION**

Staff recommends that the City Council accept this quarterly report on the Citywide Capital Improvement Program and the Strong Neighborhoods Initiative Program.

## **BACKGROUND**

Despite the economic downturn, the capital improvement program remains strong and ambitious. The 2004-2008 adopted CIP has a budget of approximately \$4 billion. This CIP report provides the Mayor and Council information on the status of the 622 projects in the current 5-year CIP (2004-2008) and establishes staff's commitment for the delivery of projects with activity in the current fiscal year.

## **ANALYSIS**

The current 5-year CIP includes a total of 622 projects and 174 programs for a total of 796 projects and programs. To date this fiscal year, the City has awarded 96 construction contracts. Staff expects to award an additional 35 contracts by the end of June 2004 for a total of 131 construction contract awards for FY 03-04.

The number of project completions has been continuously rising during the last three years. From July 2000 to June 2003, the City completed 381 projects. To date in FY 03-04, 154 projects have been completed with an additional 56 projects to be completed by the end of June 2004 for a total of 210 projects to be completed this fiscal year, representing the highest number of projects completed in any one year since records have been kept. This will result in a projected total of 591 completed projects that citizens of San José will see in their communities during this first half of the "Decade

of Investment” and well over \$2 billion in capital program dollars being put into our local economy during this critical economic period.

The table below highlights the number of projects in each CSA or program, and summarizes activities for the current fiscal year and the 5-year CIP. As shown in the table, 8 active FY 03-04 projects are being proposed for deferral in the proposed CIP Budget (these projects are also listed for reference in Figure 1-6).

CSA/ Program	622 Total Projects				FY 03-04 Completed to Date	To be Completed by June 04
	Active Projects FY 03-04	Pending Schedules	Active Proposed for Deferral	Future Projects FY 05-08		
Aviation	25	1	0	21	10	6
Eco. & Neighborhood	39	1	0	5	9	8
Environmental & Util.	59	0	0	16	15	6
Library Bond	11	0	0	9	1	0
Park Bond	41	1	3	3	25	1
Public Safety Bond	15	4	2	15	1	3
Recreation & Cultural	107	5	3	15	44	14
Public Safety Non Bond	0	0	0	1	0	0
Strategic Support	17	0	0	0	3	2
Transportation	142	8	0	53	46	16
Totals	456	20	8	138	154	56

### **Economic Conditions and Budget Strategy**

The 2004-2008 adopted CIP totals \$4.0 billion. The proposed 2005-2009 CIP totals \$3.3 billion. While the CIP continues to adjust to the downturn in the local and state economy, it continues to be one of the largest in the City’s history, continuing the “Decade of Investment” that is transforming much of the City’s infrastructure.

Over the past two years, the majority of activity in the CIP has focused on implementation of the Park, Library and Public Safety general obligation bond measures. These initiatives will continue to reflect a significant portion of activity in the CIP as new facilities and the rehabilitation of existing facilities continues.

The Aviation Services CSA reflects a majority of the activity in the proposed 2005-2009 CIP as expansion of the Norman Y. Mineta San José International Airport is implemented. In the immediate term, the Aviation Services CSA's \$2.1 billion 2005-2009 CIP is focused on the completion of security-related projects, whereas other Master Plan projects will be implemented on a demand-driven basis.

Many of the projects in the City's CIP upgrade or renovate existing facilities. While these new facilities will be more efficient to operate and maintain, the increases to the City's maintenance inventory will absorb any savings realized from upgrading or replacing the older facilities. This issue has been analyzed and a comprehensive plan to reduce General Fund operational & maintenance obligations has been recommended to Council for approval through the FY 04-05 budget process. This plan includes the deferral of projects with increased operational & maintenance impacts until more recovery in the economy is realized. It should be noted that the schedules provided within this report are subject to change pending the results of this effort.

### **Strong Neighborhoods Initiative Program**

Several projects over the last quarter were completed and neighborhoods are beginning to realize the benefits of redevelopment. Schedules for a majority of the remaining Strong Neighborhoods Initiative projects are now available as a result of the approval and processing of a Project Services Memorandums (PSMs). 28 PSMs were brought to Council for appropriation over the last quarter and an additional 18 PSMs are scheduled for Council approval before the end of June 2004. In the previous report, only 20 of the 61 Strong Neighborhoods Initiative projects had active schedules. Staff from the San Jose Redevelopment Agency and City worked together to implement projects in phases in efforts to address State funding impacts. An additional 34 projects are now being tracked for on-time, on-budget delivery for a total of 95 Strong Neighborhoods Initiative projects.

### **Process Improvements**

The CIP Action Team has established a team with representatives from each of the individual CSAs to work on process improvements to ensure that projects stay on schedule and within budget. Accomplishments to date include the formation of an interdepartmental team charged with facilitating site selection decisions and establishment of standard protocols for the environmental review of capital projects.

Other improvements currently underway include:

- CIP Database Enhancements: The CIP Database Team is currently working on automating the cost estimating and scoping processes for CIP projects. This will provide an easy and efficient method for project managers and other staff to communicate information during the project development stage and to develop project delivery cost estimates on-line. This information will be automatically fed into the budget office database to assist in streamlining the annual CIP budget development process. Storing this information on the database will also allow for better citywide resource management and planning.

The City's CIP Database has recently been awarded the 2004 Management Innovation Award from the American Public Works Association (APWA). The award will be presented to City staff at the International Public Works Congress and Exposition on September 13<sup>th</sup> in Atlanta, Georgia.

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- Outside Agency Coordination – An internal team has been working directly with PG&E to resolve policy and project issues that need improvement. Current issues include improving communication between City and PG&E staff, briefing of City staff on internal PG&E procedures, and resolving land acquisition and utility conflicts are being addressed at a monthly “summit” between City and PG&E executive staff.
- Capital Project Forum: A “brown bag” forum has been set up for project managers to meet on a monthly basis to share project management experiences and problem solving strategies. Forums to date have included discussions on team building, contractor non-compliance, and strategies to involve the community in the scoping of projects. Upcoming forums will include discussions on public art and real estate acquisition processes for capital projects.

## **PUBLIC OUTREACH**

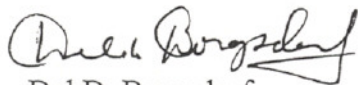
This report is available as a featured item on the City’s Capital Improvement Projects website at: [http://www.ci.san-jose.ca.us/pub\\_wrks/cip/bonds/report/index.html](http://www.ci.san-jose.ca.us/pub_wrks/cip/bonds/report/index.html)

## **COORDINATION**

This report has been coordinated with all City departments with capital projects, the Redevelopment Agency, QUEST, the Budget Office and the City Attorney’s Office.

## **CEQA**

Not a project.



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